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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Ex parte SCOT D. WILCE, VINCENT A. GEORGE, HIEN Q. NGUYEN, DONNA L. CONTI, PATRICK E. HARRIS and DONNA M. MANSFIELD

Appeal 2008-1573
Application 09/916,881
Technology Center 3600

Decided: October 21, 2008

Before: LINDA E. HORNER, DAVID B. WALKER and STEVEN D.A. McCARTHY, *Administrative Patent Judges*.

McCARTHY, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

The Appellants appeal under 35 U.S.C. § 134 (2002) from the final rejection of claims 1-13, 15, 16, 18 and 37-45. We have jurisdiction under

35 U.S.C § 6(b) (2002). We REVERSE.

The claims on appeal relate to facilitating definition of a transaction agreement between a party and a counter-party via an agreement modeling system. (Spec. 2, ll. 21-23.) Claim 1 is typical of the claims on appeal:

> 1. A method for facilitating definition of a transaction agreement associated with a plurality of different product types, comprising:
>
> automatically determining an agreement type based on the plurality of product types and a covered products matrix, wherein the covered products matrix includes a plurality of covered product types and, for each covered product type, a plurality of transaction instruments; and
>
> determining, in accordance with the agreement type, an agreement term between a party and a counter-party.

ISSUES

The issues in this appeal are whether the Appellants have shown that the Examiner erred by:

> rejecting claims 42-45 under 35 U.S.C. § 102(e) (2002) as being anticipated by Axelrad (Publ. US 2002/0188539 A1, publ. 12 Dec. 2002);
>
> rejecting claims 1-3, 5-11 and 15 under 35 U.S.C. § 103(a) (2002) as being unpatentable over Axelrad;
>
> rejecting claims 16, 18 and 37-41 under § 103(a) as being unpatentable over Reid (Publ. US 2002/0178120 A1, publ. 28

Nov. 2002);[1] and

rejecting claims 4, 12 and 13 under § 103(a) as being unpatentable over Axelrad and Wohlstadter (Publ. US 2002/0198833 A1, issued 26 Dec. 2002).

These issues turn, at least in part, on whether Axelrad or Reid disclose or suggest determining an agreement type based on a covered products matrix which includes a plurality of covered product types and, for each covered product type, a plurality of transaction instruments.

FINDINGS OF FACT

The record supports the following findings of fact ("FF") by a preponderance of the evidence.

1. Axelrad discloses a system for private equity fund formation. (Axelrad 1, ¶ 0003.) The system is embodied in an electronic network including an application server. (Axelrad 2, ¶ 0024.)

2. The application server includes an equity fund application. (Axelrad 2, ¶ 0025.) The equity fund application includes an agreement engine which automates the creation of financial agreements such as subscription agreements for a private equity fund. (Axelrad 2, ¶¶ 0027 and 0029.)

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[1] The Final Office Action mailed July 11, 2006 purported to reject claims 16, 18 and 37-41 under § 102(e) as being anticipated by Reid. (*Id.* at 8). The Appellant pointed out the error in the statutory basis for the rejection in a footnote on page 4 of the Appeal Brief filed December 18, 2006. The Examiner identified the statutory basis for this rejection as § 103(a) on page 8 of the Examiner's Answer mailed March 9, 2007.

3. At the beginning of Axelrad's agreement generation process, the user selects a private equity fund from a fund family. (Axelrad 5, ¶ 0053.) The agreement engine presents questions to the user depending on the fund type, the subscriber type (such as individual or corporate) and the state of the securities laws at the time of creation of the agreement. (Axelrad 5, ¶ 0053-54.) After the user has completed the questions, the agreement engine produces an agreement that incorporates the user's answers and appropriate legal text. (Axelrad 5, ¶ 0054.)

4. Axelrad teaches that a user may click on a link on a fund family home page to view a web page that lists all fund families available to the user. (Axelrad 3, ¶ 0035.)

5. Reid teaches a contract generation and administration system for the entire life cycle of a contract. (Reid 1, ¶ 0005.)

6. The system includes a contract database. (Reid 2, ¶ 0022.)

7. The contract database may be used for any type of contract document including those relating to all types of goods and services as well as intellectual property. (Reid 2, ¶ 0024.)

8. The contract database is designed to track specific obligations in relation to their due dates or corresponding obligation triggering events. (Reid 2, ¶ 0025.)

9. Data relating to each contract is organized and entered into the contract database according to predefined fields. Such fields include a field for agreement type. (Reid 2, ¶ 0026 and 3, ¶ 0028.)

10. Reid teaches a method including the step of drafting an agreement or receiving a draft agreement. (Reid 4, ¶ 0042.) The drafting step may be as simple as entering basic information into the contract

database or into some other database or form. (Reid 4, ¶ 0043.) Reid also contemplates an attorney drafting the agreement or initially reviewing a draft proposed by another party. (*Id.*)

11. Wohlstadter suggests that transaction instruments may include puts, calls, straddles, options or privileges on any security, certificate of deposit or group or index of securities or futures or derivatives. (Wohlstadter 1, ¶ 0006.)

PRINCIPLES OF LAW

"To anticipate a claim, a prior art reference must disclose every limitation of the claimed invention, either explicitly or inherently." *In re Schreiber*, 128 F.3d 1473, 1477 (Fed. Cir. 1997). A claim is unpatentable for obviousness under 35 U.S.C. § 103(a) if "the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains." In *Graham v. John Deere Co.*, 383 U.S. 1 (1966), the Supreme Court set out factors to be considered in determining whether claimed subject matter would have been obvious:

> Under § 103, the scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved. Against this background, the obviousness or nonobviousness of the subject matter is determined.

Id., 383 U.S. at 17.

ANALYSIS

A. The Rejection of Claims 42-45 Under § 102(e)

Claims 42-44 recite expressly or by dependency an apparatus including a storage device storing instructions adapted to be executed to automatically determine an agreement type based on the plurality of product types and a covered products matrix. Claim 45 recites a medium storing instructions adapted to be executed to automatically determine an agreement type based on a plurality of product types and a covered products matrix. We agree with the Appellants (App. Br. 4-5) that Axelrad does not disclose an apparatus or storage medium meeting these limitations.

The first step in our analysis is to determine the scope of claims 42 and 45. "During examination, 'claims . . . are to be given their broadest reasonable interpretation consistent with the specification, and . . . claim language should be read in light of the specification as it would be interpreted by one of ordinary skill in the art." *In re American Acad. of Science Tech. Ctr.*, 367 F.3d 1359, 1364 (Fed. Cir. 2004). We construe the step of automatically determining an agreement type based on the plurality of product types and a covered products matrix as requiring that the agreement type be determined on the basis of two or more product types rather than merely on the basis of a single product type selected by a user.

The preamble of claim 42 recites an apparatus for facilitating definition of a transaction agreement "associated with a plurality of different product types." The preamble of claim 45 recites a medium for storing instructions adapted to be executed to perform a similar method. "In general, a preamble limits the invention if it recites essential structure or steps, or if it is 'necessary to give life, meaning, and vitality' to the claim."

Catalina Marketing Int'l, Inc. v. Coolsavings.com, Inc., 289 F.3d 801, 808 (Fed. Cir. 2002).

For example, the dependence of an element recited in the body of a claim for antecedent basis on a term recited in a disputed preamble phrase indicates that the preamble phrase is to be regarded as limiting the scope of the claim. Such dependence indicates reliance on both the preamble and the body of the claim to define the subject matter. *Id.* The dependence of the term "the plurality of product types" for antecedent basis on the recitation that the transaction agreement is associated with a plurality of different product types indicates that the term "transaction agreement associated with a plurality of different product types" is intended to limit the step of automatically determining the agreement type. The preamble limits this step by requiring that the agreement type be determined on the basis of the plurality of product types and not on the basis of a single product type. The Examiner has not identified any statement in the Appellants' Specification requiring a broader construction of claims 42 and 45.

Next, we turn to the interpretation of the term "covered products matrix" as used in claims 42 and 45. Unless defined otherwise in the specification, the words of a claim during examination are to be given their broadest reasonable meaning as they would be understood in their ordinary usage by those of ordinary skill in the art. *In re Morris*, 127 F.3d 1048, 1054 (Fed. Cir. 1997). The ordinary usage of the word matrix is broad enough to include a rule which associates a vector or row of information with each element of another vector or column. More precisely, a "covered products matrix" would be a rule which associates one or more items of information with each product type of a list containing one or more product

types covered by a transaction agreement. No reasonable interpretation of the term "covered products matrix" would be broad enough to cover a list of covered product types with no such rule associating the covered product types with other information.

This definition is consistent with the language of claims 42 and 45; the language of other claims in the application before us; and the Appellants' Specification. We note that claims 42 and 45 recite both a plurality of product types and a covered products matrix. This implies that the term "covered products matrix" is not coextensive with the term "plurality of product types." This distinction supports limiting the scope of the term "covered products matrix" to a rule which associates other information with one or more product types. The Specification states that, "[a]s used herein, the phrase 'covered products matrix' may refer to, for example, any stored indication of transaction instruments (*e.g.*, swaps, options, and forwards) and product types (*e.g.*, stocks, bonds, and credit derivatives) in connection with a particular agreement." (Spec. 27, ll. 23-26.) While this statement falls short of being a definition due to its self-characterization as an example, the statement is consistent with the interpretation which we apply to the term "covered products matrix." Nowhere does the Specification identify a list of product types as a covered products matrix.

The second step in our analysis is to determine whether Axelrad discloses a storage device storing instructions adapted to be executed by a processor to automatically determine an agreement type based on the plurality of product types and the covered products matrix. To this end, we note that Axelrad determines an agreement type, namely, a fund type, based on a single product type, namely, the private equity fund selected by the

user. (*See* FF 3.) The Examiner has identified no disclosure in Axelrad suggesting stored instructions for determining an agreement type based on a plurality of product types.

The Examiner finds that the list of available products available for viewing by the user is a covered products matrix. The Examiner reasons that a list of available products would arrange the products in rows such that each row would include information such as a formal product name, an abbreviated product name, a description of the product, a price for the product, and the number of years since the commencement of the product. (Ans. 14.)

We disagree with the Examiner's characterization of the list of all fund families available to the user. Even assuming for purposes of this appeal only that Axelrad discloses determining an agreement type based on this list, Axelrad does not expressly disclose that the list includes any information other than a name or other identifier for each fund family available to the user. Since the list could be limited to the names of the available fund families only, it does not inherently include other information which might be related to the fund families as a matrix. Even assuming for the sake of this appeal only that the Axelrad's server determines an agreement type based on the list of all fund families, that list of all fund families is not a covered products matrix within the scope of claims 42 and 45. Therefore, we do not sustain the Examiner's finding that Axelrad discloses structure storing instructions adapted to be executed to automatically determine an agreement type based on a covered products matrix. On the record before us, the Appellants have shown that the

Examiner erred in rejecting claims 42-45 under § 102(e) as being anticipated by Axelrad.

B. The Rejection of Claims 1-3, 5-11 and 15 Under § 103(a)

Claim 1 requires that the agreement type be automatically determined based on a plurality of product types and a covered product matrix, wherein the covered products matrix includes a plurality of covered product types and, for each covered product type, a plurality of transaction instruments. The Examiner concedes that this feature is not taught by Axelrad. (Ans. 5.) The Appellants contend that the teachings of Axelrad would not have suggested a covered products matrix (Reply. Br. 2) or the step of determining an agreement term in accordance with an agreement type determined based on a plurality of product types and a covered products matrix (App. Br. 6). We agree with the Appellants that the Examiner has not articulated reasoning having rational underpinnings sufficient to support the conclusion that the subject matter of claim 1 would have been obvious.

We construe the step of automatically determining an agreement type based on the plurality of product types and a covered products matrix as used in claim 1 consistently with our construction of the analogous step in claims 42 and 45. Thus, we interpret the step to require determining the agreement type based on two or more product types together rather than based on a single product type. We interpret the term "covered products matrix" as a rule which associates one or more transaction instruments with each product type covered by the agreement.

The Examiner concludes that "it would be obvious . . . . that as Axelrad discloses a plurality of covered product types, that the variety could

include a variety of transaction instruments." (Ans. 5.) Alternatively, the Examiner concludes that it would have been obvious to use Axelrad's system to automate the creation of agreements for transactions in financial products and instruments other than subscriptions to private equity funds: "it would be obvious . . . that the same process and method could be incorporate[d] for any type of financial instruments in which users select from choices available for any variety offered by a sponsoring organization." (*Id.*)

Regardless whether the teachings of Axelrad are applied to the sale of subscriptions to private equity funds or to other types of financial products, Axelrad only discloses a system which determines an agreement type based on a user's selection of a single product type to be covered by the agreement. (*See* FF 3.) Axelrad does not disclose or suggest a system which determines an agreement type based on a plurality of product types. The reasoning articulated by the Examiner does not extend to explaining why one of ordinary skill in the art might have modified Axelrad's system to determine an agreement type based on a plurality of product types. On this basis, we do not sustain the Examiner's conclusion that the subject matter of claim 1 would have been obvious from the teachings of Axelrad.

Similarly, Axelrad does not disclose a system which determines an agreement type based on a covered products matrix. The reasoning articulated by the Examiner does not extend to explaining why one of ordinary skill in the art might have modified Axelrad's system to determine an agreement type based on a covered products matrix as opposed to making the determination on the basis of a single transaction instrument for a single product type selected by the user. On this additional basis, we do not sustain

the Examiner's conclusion that the subject matter of claim 1 would have been obvious from the teachings of Axelrad.

On the record before us, the Appellants have shown that the Examiner erred in rejecting claim 1 under § 103(a) as being unpatentable over Axelrad. Since claims 2, 3, 5-11 and 15 depend from claim 1, the Appellants likewise have shown that the Examiner erred in rejecting claims 2, 3, 5-11 and 15 under § 103(a). *In re Fritch*, 972 F.2d 1260, 1266 (Fed. Cir. 1992) (dependent claims are nonobvious if the independent claim from which they depend is nonobvious).

C. The Rejection of Claims 4, 12 and 13 Under § 103(a)

Claims 4, 12 and 13 depend ultimately from claim 1. As noted in the previous section of this opinion, we do not sustain the Examiner's conclusion that the subject matter of claim 1 would have been obvious from the teachings of Axelrad. The Examiner cites Wohlstadter solely for the disclosure of various types of instruments. (*See* Ans. 12; FF 11.) The Examiner does not articulate an apparent reason why the combined teachings of Axelrad and Wohlstadter would have suggested modifying Axelrad's system to automatically determine an agreement type based on a plurality of product types and a covered products matrix. On the record before us, the Appellants have shown that the Examiner erred in rejecting claims 4, 12 and 13 under § 103(a).

D. The Rejection of Claims 16, 18 and 37-41 Under § 103(a)

Claim 16 recites a method which includes the step of evaluating an agreement type and an agreement term based on a plurality of financial

product types and a covered financial products matrix. We interpret the term "covered products matrix" consistently with our interpretation of the term as used in claims 1 and 42, that is, as a rule which associates one or more items of information with each product type covered by the agreement.

Reid teaches a contract generation and administration system including a contract database. (FF 5 and 6.) The contract database may be used for any type of contract document including those relating to all types of goods and services as well as intellectual property. (FF 7.) Reid does not disclose the use of the contract database to generate or administer transaction agreements associated with pluralities of covered financial products.

Hence, Reid does not teach the use of the contract database to evaluate agreement types and agreement terms based on pluralities of covered financial products and covered products matrices. Furthermore, the Examiner articulates no reasoning having rational underpinnings suggesting why it would have been obvious to modify Reid's contract database to evaluate an agreement type and an agreement term based on a covered products matrix.

The Examiner states that Reid teaches the use of a covered products matrix by teaching that a database record including a number of fields for storing data such as that described in paragraph 0005 of Reid or a web page including a list of fields for data entry such as those illustrated in Figs. 7, 8 and 11 of Reid result, broadly speaking, in matrices. (Ans. 16.) We do not agree that a list of data records for use in entering information concerning the formation and execution of a contract as described in paragraph 0005; an event schedule as illustrated in Fig. 7; an invoice schedule as illustrated in Fig. 8; or an obligation summary as illustrated in Fig. 11, even if presented

in tabular form, would have suggested evaluating an agreement type and an agreement term of a transaction agreement associated with a plurality of financial product types based on a covered products matrix.

On the record before us, the Appellants have shown that the Examiner erred in rejecting claim 16 under § 103(a) as being unpatentable over Axelrad. Since claims 18 and 37-41 depend from claim 16, the Appellants likewise have shown that the Examiner erred in rejecting claims 18 and 37-41 under § 103(a). *Fritch*.

CONCLUSIONS

On the record before us, the Appellants have shown that the Examiner erred in rejecting claims 42-45 under § 102(e) as being anticipated by Axelrad; rejecting claims 1-3, 5-11 and 15 under § 103(a) as being unpatentable over Axelrad; rejecting claims 16, 18 and 37-41 under § 103(a) as being unpatentable over Reid; and rejecting claims 4, 12 and 13 under § 103(a) as being unpatentable over Axelrad and Wohlstadter.

DECISION

We REVERSE the rejections of claims 1-13, 15, 16, 18 and 37-45.

REVERSED

JRG

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